

FISCAL NOTE

SB 2460 - HB 2907

March 6, 1998

SUMMARY OF BILL: Establishes the Tennessee Job Skills Program in the Department of Economic and Community Development as a work force development incentive program to enhance employment opportunities and to meet the needs of existing and new industries in this state. The Tennessee Job Skills Program allows one or more employers or one or more employers acting in partnership with an employer organization, labor organization or community based organization to apply for training grants providing the following criteria are met: training must be for jobs in demand occupations, emerging occupations or manufacturing occupations; a job or job opening will exist at the end of the training project; Such job openings will be filled by participants in the project; and the starting wage for a new job created through the project will be equal to or greater than the prevailing entry level wage for that occupation in the local labor market area. A minimum of 60% of grant funds awarded must be made to existing employers. Administration expenditures are capped at 5%. Any expenditures of the Department of Employment Security incurred in collecting fees for the program are to be paid from the funds of the Tennessee Job Skills Program. The major funding source for the program comes from reducing unemployment insurance premiums paid by employers when the Unemployment Insurance Trust Fund exceeds \$750,000,000 and applying a fee of the same amount to the employer to generate revenues for the fund. If the Unemployment Insurance Trust Fund falls below \$750,000,000 all revenues going into this program cease and begin to flow back into the Unemployment Insurance Trust Fund.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact - Increase Revenues - \$18,000,000/Tennessee Job Skills Fund
Decrease Revenues - Exceeds \$ 18,000,000/Unemployment
Insurance Trust Fund

Increase Expenditures - Tennessee Job Skills Fund
\$900,000 Recurring
\$440,000 One-Time

Assumes:

Increased expenditures in the Department of Economic and Community Development for four positions and related expenses for administration of the Tennessee Job Skills Fund.

Increased expenditures in the Department of Employment Security for expenditures relating to the collection of the fee, and one-time expenditures for computer program modifications to implement the collection process.

Increased revenues to the Tennessee Job Skills Fund when the Tennessee Unemployment Trust Fund balance exceeds \$750,000,000.

A decrease in revenues to the Tennessee Unemployment Insurance Trust Fund from the 0.15% unemployment insurance premium rate reduction for all employers who are subject to pay the Tennessee Jobs Skill Fee and from the loss of interest on such funds.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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